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as between themselves regular diplomatic relations, to cancel all indemnity claims growing out of the war, and to forgive the prewar debts, together with the claims growing out of the Russian nationalization of German property. In other words, Germany is to enjoy a most favored nation arrangement under reciprocal relations with Russia. It is an application of the principle of mutual cancellation of obligations as between Germany and Russia, an economic rapprochement, a limited zollverein.

Theoretically, this is a natural and hopeful step. Practically it is most embarrassing. In the first place, it is no compliment to the leadership of Mr. Lloyd-George. It may end in the break-up of the conference and the end of the Lloyd-George dynasty. The place and manner of the coup are not calculated to promote harmony. The treaty has been under consideration for many weeks, but its announcement at Genoa has upset the carefully assembled machinery. Then, too, the Russians have not shown themselves to be as meek as had been anticipated. They are making demands. They have claims against the Allies for services rendered, for damages due to the operations of Koltchak, Denikin, Wrangel, and the blockade. A correspondent of the *New York Times* says that Russia expects twenty billion gold rubles from the Allies for money which she spent to help the Allies during the first three years of the war. Furthermore, she wants thirty-five billion gold rubles because of damages due to intervention and blockade. Maxim Litvinoff, of the Russian delegation, says that if Russia is paid these amounts she will recognize her prewar debts. He went on to say, "The Allies claim sixty-five billion gold francs from us. We claim one hundred twenty-five billion gold francs. We cannot make peace and go back with less than twenty billion gold francs." That is saucy language. It doesn't ease the situation materially for Dr. Rathenau, the German Foreign Minister, to assure his fellow-confererees that the treaty does not interfere in the relations of Russia and Germany with any other State.

Adding to the mess, secret diplomacy seems to be getting in some deadly work at Genoa. Germany has resented the private conferences to which she was not invited. She saw clearly that Genoa had little to offer to her; hence, the treaty with Russia. It is not difficult to understand why Lloyd-George considers the Russo-German treaty as a "serious and unintelligible breach of the spirit" of the Genoa Conference.

The big powers—England, France, Italy, Japan, and Belgium—together with Czechoslovakia, Poland, Jugoslavia, Rumania, and Portugal, have been stirred to bitterness because of the Russo-German deal. They don't like it at all. Under date of April 18, these powers wrote

a note to the German delegation accusing them of violating the principles on which the conference is based. They threaten to exclude the Germans from discussions relating to arrangements between the Allies and Russia.

Aside from the spirit with which Russia and Germany have gone about their work, and the possibilities of a secret military alliance, there is little in the treaty to which objection has been or can be raised. There is some point to Dr. Rathenau's remark that "the treaty is such as all treaties ought to be, and such as I hope all peace treaties will be—a mutual resignation of claims and forgetting of the past."

In the meantime the neutral countries, headed by Denmark, have awakened to the fact that they are practically eliminated from the conference. Naturally, they are not pleased; but, adding to the general mess, they are holding special meetings of their own and showing their own feelings by protesting against Germany's exclusion from Russian affairs "without a full vote of the conference."

Of course, the question of most vital concern just now, the question which affects the future of every nation is, Is Genoa to witness the birth of a pan-Europa or the rebirth of the system of a balance of powers? Just now it looks like an alignment of England, France, and Italy against Germany and Russia. If that be the outcome of Genoa, our old world will be in a mess indeed.

SOME OF THE DIFFICULTIES

SOME of the difficulties confronting our old world are staggering even to our imaginations. The Reparations Commission, confronted by Germany's request for a moratorium, has imposed terms which have aroused anger and resentment in Berlin. These terms threatened for a time the fall of the Wirth Cabinet. The terms propose in case of default that the penalties provided for in the Versailles Treaty shall be enforced. They provide that this year's payment shall be 720,000,000 gold marks in cash and 1,450,000,000 gold marks in goods, terms which were fixed at Cannes. They provide further that cash payments are to be made the fifteenth of each month from April to October, inclusive, in amounts of 50,000,000 gold marks, and for November and December the amounts shall be 60,000,000. They also lay down measures which Germany must take for the reform of her budget. It is demanded that Germany shall prepare and put into effect before May 31 a taxation program which will give an additional revenue of 60,000,000,000 paper marks. One wonders what can have become of the sovereignty of Germany.

On the top of this difficult situation, we are told that

the British Government has notified the French Government that when the United States calls on Great Britain to pay interest on her war debt to Washington, London will call on Paris to pay interest on the war debt France owes England.

In 1919 there was a three-year arrangement by which England excused France from any payment on the debt during that period. The period expires this month. The British Foreign Office says that the period will not be renewed. This presents a serious situation, for France owes England \$2,750,000,000 a large portion of which England borrowed from America and placed to the credit of France. Of course, France is in debt to the United States, too. Should America demand any payments from the Allies it would include both England and France, and this notification from England to France has aroused speculation in Washington.

Of course, the whole question of debts involves the reparations from Germany. If Germany does not pay, France cannot pay; if France cannot pay, England cannot pay. It is difficult to see how these interrelated problems can be kept out of the discussions at Genoa. There is no solution to the puzzle except through general negotiations. At the moment, the situation is, to say the least, very unhappy.

In the meantime the United States is going about the funding of the foreign debts. This will naturally end in a form of general negotiation. Commissioners will have to be appointed by the debtor governments to sit with the American commission. Indeed, the British commissioners are now on the way. Our American commissioners are to be the Secretary of the Treasury, Secretary of Commerce, Secretary of State, Senator Smoot of Utah, and Representative Burton of Ohio. The restrictions placed by the Congress upon our American commissioners may prove embarrassing. Four and a quarter per cent as the minimum interest rate and the maturity date at twenty-five years may prove insurmountable difficulties.

A few of the world's other complications include the Russian external debt, the relation of the United States to that debt, the relation of the United States to the outcome of the Genoa Conference, the rates of exchange, tariffs, recriminations, and a prevailing dog-eat-dog philosophy. The reign of terror continues in Belfast, Ireland; the Genoa envoys are spying on each other fearfully; Secretaries Denby and Weeks warn that anarchy is endeavoring to bore into the vitals of the Navy and Army of the United States; the new naval treaty is being used as an argument for a maximum fleet; the bonus storm beats upon the world.

Verily, we are floundering through difficult seas.

THE FRUITION OF GOOD WILL

UNDER DATE of March 31, the *London Times*, referring to the ratification of the Four-Power Pacific Treaty by the United States Senate, writes editorially under the caption, "The Fruition of Good Will." It is a happy phrase. We suspect that even the opponents of the Four-Power Treaty are relieved that the accidents and contingencies of politics have not ruined the work of the Washington Conference. The principle of conference has been vindicated both in the conference that has been held and for the conferences yet to be. The debates in the Senate were marked at times by the evidences of bitterness. We believe the bitterness to have been more apparent than real. It is generally felt throughout America that we have entered no threatening entanglements; that we have assumed no commitments beyond the control of the people; that we are under no obligations to join in any war the circumstances of which we cannot now foresee.

As the London writer puts it, "A national sense that feels out into the great issues of the future triumphed over all the minor conflicts of the day." In due course the other parties to the treaty will ratify. The other treaties and resolutions will soon take their places amid the laws of nations. Competitions and threatening conflicts, turgidity and overreaching ambitions, will be modified in consequence of the Washington Conference by the spirit of mutual accommodation. To quote again from *The Times*:

"The ties between Great Britain and America are strengthened, and on the other hand Japan becomes a party to a series of agreements of which the general tendency is one of far-sighted good will to China—a country whose present sad plight cannot obscure the certainty of her future greatness. The decision of the United States Senate is a stimulus to hope amid the thronging perplexities of the day, and we may be permitted to congratulate President Harding and Mr. Hughes on the bold initiative and the patient endeavor which have led up to this fine achievement."

The United States waits now upon the other powers to complete the work begun on Armistice Day, 1921. This country is under no commitment to go to war over any dispute near or remote. The Senate has put to rout those critics who accused it of all high crimes known to the reformers, and by a vote of sixty-seven for the treaty to twenty-seven against. Incidentally, Senators Lodge and Underwood conducted the campaign with dignity and, in our judgment, with distinguished ability. There is no talk of war in the Pacific any more. That is answer enough to the critics of the Four-Power Treaty.